



Multistate Tax Commission Memorandum

States Working Together Since 1967 . . . To Preserve Federalism and Tax Fairness

To: Members, Executive Committee
From: Rick Clayburgh, Treasurer
Date: January 7, 2005
Subject: Financial Statements for the five-month period ended November 30, 2004

OVERALL COMMENTS:

Attached are the financial statements for the five-month period ended November 30, 2004.

The **Budget** amounts in this report reflect the amounts in the **Final Proposed** column of the fiscal year 2004/2005 budget. These **Final Proposed** amounts were approved by the Executive Committee at the Committee's meeting on July 28, 2004 in Mystic, Connecticut.

The reports indicate a total *current* unappropriated fund balance of \$2,534,891 (\$2,964,406 "Current" – \$429,515 "Current Adj") and a *current* restricted fund balance of \$447,693. The fund balances decline during the fiscal year because the Commission recognizes, in their entirety, Membership Assessments, Audit Fees, and special project fees in the first month of the fiscal year (July) and expends the funds thereafter.

Expenditures are running less than the budgeted amounts in all programs with the exception of the Training Program. The expenditures in excess of budgeted in the Training Program are primarily due to up-front costs to develop the new Legal Training course combined with holding this course early in the budget year (while the budgeted expenses are spread ratably throughout the year). However, it should also be noted that the related revenues are higher than budgeted.

The method of presenting expense variations is applied consistently to all reports. If an actual expense is *less* than budget, the variance is shown as a *negative* number and conversely, if the actual expense is *more* than budget, the variance is shown *positive* number.

BALANCE SHEET:

Fund Balances -

Enterprise Automation Project, State Tax Compliance, Future of the MTC (Federalism at Risk), Nexus Activities, Nexus Education and Membership Development and Relations Appropriated Funds are reported in separate schedules showing the approved amounts plus the amounts, if any, expended through November 30, 2004.

The **Enterprise Automation Project Appropriated Fund** is charged for expenditures from the **Enterprise Automation Project** department as well as the **Combined Registration Project** department.

INCOME STATEMENT - Revenues:

All non-member administrative fees earned by the Audit Program and the Nexus Program are credited to these programs.

Member Assessments shows an unfavorable variance of \$37,160 due to a reduction of the one state's fee that occurred after the budget was approved in July.

Interest income earned is allocated to each program based on the relative amounts of fees that each program area generates. The unfavorable variance is a result of interest rates remaining lower than anticipated.

INCOME STATEMENT - Expenditures:

Administrative Services department expenses are allocated to all other departments based on the relative expenses of each department.

Salaries and Retirement shows a favorable variance from the budgeted amounts primarily as a result of two vacant positions.

Employee Insurance shows a favorable variance from the budgeted amounts as a result of two vacant positions. Also contributing to this favorable

variance is the fact that there was only a small increase in the group term health insurance premiums when the new plan year began on October 1, 2004.

Contract Services shows a \$68,826 favorable variance. This is substantially explained by less than budgeted contract services expenditures in the Enterprise Automation Project department offset with higher than budgeted contract services in the Training Program (noted above).

Please note that the Enterprise Automation Project is funded from an appropriated fund as well as other sources and is a multi-year effort. Funds not expended this fiscal year are intended to be expended in future years.

BAR GRAPH – Revenues & Expenses:

Actual amounts for FY 2004 and FY 2005 are shown in solid colors (orange for FY 2004 and blue for FY 2005). The budgeted amounts for FY 2005 are also in blue, but with a striped pattern.